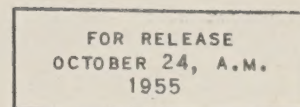
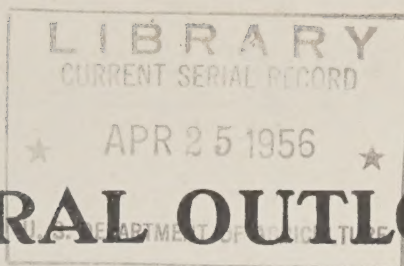


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.



AOD-10 OCTOBER 1955

A million bale increase in the cotton crop estimate last month boosted the prospective supply for 1955-56 to a record 25 million bales.

A sharp increase in estimated yields pushed the crop 2% above 1954, despite a 14% reduction in acreage. Production this year, according to October 1 conditions is expected to total 13.8 million running bales.

Yield per acre this year is estimated at 405 pounds, 64 pounds above 1954. Yields have set new records in each of the last 3 years. The 1944-53 average is 279 pounds.

Along with this year's crop, the 25 million bale supply includes a carryover last August 1 of 11.1 million and imports estimated at 150,000. The previous record supply was 24.6 million bales in 1939-40.

ECONOMIC ACTIVITY. Expanding activity pushed the total value of goods and services produced in the third quarter to an annual rate of \$392 billion, 9% more than a year earlier. Rising consumer income and increased use of credit are supporting buying at record rates. Business investment in new plant and equipment is increasing. Industrial production rose to record levels in September and employment continues high. Wholesale prices for industrial products and nonfarm raw materials have gone up gradually in recent months with the expansion in business activity.

Prices to farmers through September averaged about 4 percent below a year earlier. On the other hand, prices paid by farmers, including interest, taxes and wage rates, averaged the same.

LIVESTOCK. Number of cattle on feed in 13 States October 1 was 19% above last year. Large supplies for slaughter in the next few months are likely to prevent much of a rise in prices of fed steers and heifers.

Hog slaughter, at a high level in September, will continue to rise to a seasonal peak in November or December. Some further seasonal declines in prices are expected.

DAIRY. Milk production in September reached a new peak for the month...9.6 billion pounds ...3% above a year earlier. With milk prices up a little and feed down considerably, production probably will stay above a year ago this fall and winter.

EGGS AND POULTRY. Egg production is rising seasonally from the September low. But with fewer young chickens on farms, the rise will be more gradual than last year. Prices to farmers in mid-September averaged 10¢ above a year ago and the highest since early 1954, but have declined since.

Broiler prices dropped sharply in the last 2 weeks of September but turkey prices remained generally steady from mid-September through the first week in October.

FATS AND OILS. More soybean oil and lard and about the same amount of butter and cottonseed oil are expected to be produced this year as last. But because of smaller stocks, total supplies of food fats will be about the same as the 1954-55 record.

The October 1 estimate placed the soybean crop at 375 million bushels, 13 million less than the September forecast but 32 million above last year's record. Despite big increase in production, stocks are not likely to build up much this year.

With yields per acre rising to a record average of 1,057 pounds, the 1955 peanut crop is 71% above the short 1954 crop.

FEED. Supply prospects for feed concentrates changed little the last month. The total of 195 million tons is 9% above last year...a record, both in total and per animal. This is expected to be enough to meet requirements and leave a slightly larger carryover at the end of 1955-56 than a year earlier.

Much of the seasonal drop in corn prices probably has already occurred. Prices the rest of this fall probably will fall less than the usual amount.

WHEAT. Prices to farmers have been steady in recent weeks. They probably will stay above the August low of \$1.90 until spring. The mid-September average was \$1.92.

FRUIT. A strong demand for oranges and grapefruit for processing is likely this fall and winter. Stocks of frozen orange juice held by Florida packers on October 1 were down 8% from a year earlier...canned juice stocks were down 60%.

The 1955-56 early and mid-season orange crop is forecast at 2% below last year. Grapefruit production, excluding the California summer crop, is up 8% but still below average.

Supplies of fresh apples, pears, grapes and cranberries are larger this fall than last. Prices in early October were generally below last year.

VEGETABLES. Fresh vegetable prices to farmers in mid-September averaged the highest on record for the month. Prices this fall are likely to continue higher than a year ago. Demand is strong and supplies are smaller than last fall.

Potato production prospects declined a little last month but the late crop still is 7% above a year earlier. Prices continue far below last year and average.

WOOL. Prices to growers in mid-September averaged 40.3¢ per pound, 12.6¢ below a year ago. With the new incentive payment program in effect, prices this year are governed by world demand and supply conditions. Producers will be eligible for government payments to be made after the close of the season. Last year, prices were supported by a government loan program.

TOBACCO. About three-fourths of this year's big flue-cured crop had been marketed by mid-October. Prices averaged 51.7¢ per pound compared with 52.3¢ in the same period last year.